

Irby/Finance Committee Meeting

Monday, May 11, 2015

The Irby/Finance Committee met on May 11, 2015 at 10:45 AM at the Old U.S. Mint.

Members present: Robert A. Barnett; Michael M. Davis; Rosemary Upshaw Ewing; Janet V. Haedicke, Ph.D.; Kevin Kelly; Lawrence N. Powell, Ph.D.; Philip Woollam; and Diane K. Zink

Staff present: Yvette Cuccia, Yvonne Mack, Mark Tullos, Celestine Washington and Robert E. Wheat

Also in attendance: Randy Davis (DCRT, Deputy Secretary); Julia George Moore (DCRT, Counsel)

A quorum was present.

1. Call to Order

Mr. R. Barnett called the meeting to order at 10:45 AM.

2. Motion to Adopt the Agenda

Motion to Adopt the Agenda MOVED by Mr. Woollam, seconded by Ms. Zink. There were no comments from the public. **Unanimously approved.**

3. Mr. Barnett entertained a Motion by Ms. Zink to Amend the Agenda to move up the presentation of Wade Levy. Seconded by Mr. Woollam. No public comment. Unanimously approved.

4. PowerPoint presentation on plants/balconies

Mr. Barnett asked Mr. Levy to state the number of years in the employ of LSM, in what capacity and his working knowledge of the railings and watering systems. Mr. Levy has been with LSM for 22 years in the Maintenance Department and has been Maintenance Superintendent since 2005. Mr. Levy is personally familiar with each unit and the histories of all improvements dating back 22 years.

Mr. Levy then showed a series of pictures of 810 Chartres, 3rd floor first. The third floor railings are constantly exposed to weather (rain, sun, and wind) because there is no overhang. The railing itself is in good shape on this 3rd floor apartment and there is no indication of any deterioration. However, Mr. Levy then showed pictures of both 543 St. Ann, 2nd floor and 810 Chartres, 2nd floor. Both units have plants on their balconies.

The fascia on 543 St. Ann, 2nd floor is moldy and clearly rotting due to excessive watering of the plants; and the railing of 810 Chartres, 2nd floor is delaminating and coming apart.

It was then discussed that when plants were removed from 810 Chartres, 2nd floor, there was significant calcium build-up on the railings where the plants had been. The balconies are all iron. Mr. Levy was of the opinion that the constant watering of plants by the tenants was the cause of the damages.

The Irby/Finance Committee was given an estimate received from Economy Iron Works to furnish labor and materials to repair the iron work damage to the railing at 810 Chartres, 2nd floor: \$5,395. The members discussed the Policy and Procedure Manual for the Lower Pontalba residents which states the following:

“Tenants with plants or window box planters are liable for any damage caused to the building due to the presence and upkeep of the plants. In the event of property damage to the Leased Premises caused by Tenant or his invitees, Landlord will make any necessary repairs and will invoice Tenant upon completion of repairs. Or, Tenant will submit for approval by Landlord a repair proposal at the expense of Tenant.”

Mr. R. Davis said the Committee and staff must decide if a tenant should not be allowed to have plants and also if a tenant should not be allowed to excessively water the floor of a balcony. Mr. M. Davis said he does not want to see a total ban on the plants or hosing of balconies. Mr. M. Davis also does not like to see Irby charge the tenant for the total cost of repairs to the railing without any specific letters of warning to a particular tenant. Dr. Powell said it is written into the Policy and Procedure Manual that a tenant is liable for damage caused by plants or excessive watering.

Mr. Barnett asked if LSM should ban all plants on all balconies and railings. Mr. Kelly did not think that LSM should immediately issue a blanket policy to abolish plants on balconies or decks of any units. He felt the media backlash would be detrimental. However, Mr. Kelly did feel the tenant should pay for the repairs to the iron work. Ms. Ewing said even the hanging plants, if watered correctly, hold moisture against the rail causing discoloration and decalcification of the iron work.

Mr. R. Davis said the damage must be stopped immediately and that the railing be repaired. Once repairs are made, LSM staff will have to be more diligent in watching what any tenant does. Ms. Zink suggested LSM staff write the tenant a letter giving the tenant the estimate or the opportunity to submit their own estimate.

Mr. Barnett discussed that there are two issues to be resolved.

First, Ms. Ewing made a MOTION that a new policy be enacted immediately that all plants, whether hanging from above, fixed over railings or sitting on the floor of any unit of the Lower Pontalba, be removed by each respective tenant by June 1, 2015 and that no such plants be allowed thereafter until further reviewed by the Irby/Finance Committee. Mr. Kelly seconded the Motion. Mr. Barnett asked if staff has emails of each tenant. Ms. Washington has all contact data. It was suggested that a letter be issued to each tenant about the new policy, together with a copy of the photographs. Mr. Kelly also suggested LSM state that this policy is going into immediate effect because we need to preserve the building. The MOTION is, effective June 1, 2015, no plants will be allowed on either the balconies or railings of the Lower Pontalba building. Ms. Washington will write a letter to all residential tenants and send via e-mail (as well as regular mail) with the photos showing the damage to the railings. Mr. R. Davis suggested staff work with Mr. McGraw to word it carefully. There was no further comment from the public. **Unanimously approved.**

Mr. M. Davis also asked that Ms. Moore review letter. Mr. R. Davis said we can re-evaluate the policy in the future.

Ms. Moore said she would revise the residential PPM to reflect that no plants are allowed on balconies or railings.

Mr. Barnett suggested we put on the Irby/Finance Committee agenda for June 8th meeting the situation where any tenant who has not complied with the “no plants” policy so that evictions can be discussed. Ms. Zink said, in that case, we should add that possible default/eviction provision to the letter.

Second, the next issue discussed by Irby was evidence of the excessive watering and/or mopping of the balconies. Mr. Tullos said the problem is when tenants hose the balcony floor instead of using a traditional mop and bucket. It was the opinion of staff that the wood rots much quicker than usual. After some discussion, it was decided to leave the excessive watering or hosing issue alone for the present time. Mr. Wheat said the maintenance staff is getting ready to paint the floors of balconies and can look at each balcony’s floor where there has been possible excessive watering to assess damages.

Mr. M. Davis said he does not like the idea of asking the tenant to pay for damages to the iron work without having specific letters addressed to that tenant, especially since the existing policy has not been enforced. Mr. Kelly said we don't need to send out specific letters. It is written in all leases and the PPM.

Ms. Zink MOTIONED for LSM staff to notify the residential tenant at 810 Chartres Street, 2nd floor that repairs for the damage caused to the iron work on the balcony railing will be approximately \$5,000 and the tenant needs to pay for the cost of all repairs. Ms. Washington should send out a letter invoking the Policy and Procedure and attaching the damaging photos. The tenant can timely submit his own proposal within sixty (60) days, all subject to staff ultimate approval. Seconded by Ms. Ewing. No further public comment. The motion was **unanimously approved**.

Mr. M. Davis asked that the LSM staff send out a letter reminding residential tenants of the hurricane preparedness policy so that each has time between now and June 1 to make preparations. Mr. Wheat said he feels we are undercharging the tenant at \$100 for maintenance staff to clear all porch furniture and plants, as well as closing or securing all shutters if not done by the tenant. After a review of the PPM, it was determined that LSM staff currently charges \$200 to remove furniture from of the balconies and \$100 to close the shutters.

5. Approval of minutes

The Committee returned to the original agenda.

The minutes from the April 13, 2015 meeting were distributed in advance. Mr. M. Davis MOVED, seconded by Mr. Kelly to approve the April 13, 2015 Irby/Finance Committee minutes. There was no public comment. **Unanimously approved.**

6. Financials

The financials as of 3/31/15 were distributed in advance. Mr. Barnett called upon Mr. R. Davis who said he didn't have a specific report to present to the Committee, but in the packets are the latest financials which show a surplus of \$120,456. He will give a more detailed update at the next meeting and may also have the budget for the fiscal year 2015-16.

7. New Business

There was none.

8. Old Business

- **Commercial lease review update**

Mr. Barnett called upon Ms. Zink who said the next Sub-Committee meeting is scheduled for June 8th at 2:00 p.m. to follow the LSM Board meeting. Ms. Moore suggested in the interim that the common area maintenance fee (CAM) be reviewed.

- **Residential rent increases**

Mr. Barnett called upon Mr. Tullos who gave a PowerPoint presentation on CAM estimates (attached) and Ms. Mack explained the spreadsheet breakdown. Ms. Mack explained that if one calculates the salaries of the employees who work part-time on the Lower Pontalba building and one custodian who works solely on the Pontalba building, the figure is \$56,458.32. If one adds this figure to the newly calculated CAM of \$101,670.04, the total is \$158,128.36. This would raise the average CAM price by \$85-90.00. Ms. Mack then added the salaries of the employees paid by the State, but who work part-time on the Lower Pontalba building. That figure adds up to \$83,617.71 and, if added to the Irby salaries and the newly calculated CAM, the total CAM would increase by averages of \$269.00-316.00.

Dr. Haedicke said she felt the CAMs are low in general. New CAM rates change on October 1st each year. The CAM will be discussed more in-depth at the Sub-Committee meeting on June 8, 2015. Mr. Barnett expressed concern that there are too many calendar dates in the process and that there should be one date. It was too cumbersome to have a lease date of February 1, state fiscal date of July 1 and CAM calculation date of October 1.

Ms. Ewing MOVED that the Committee postpone a rent study, which would include CAM increases, until the Irby/Finance Committee reviews the rent study completed by the Upper Pontalba regarding residential rents. The study should be approved at the French Market Corporation's May 26th Board meeting, at which time the study will be voluntarily provided to or shared with the Louisiana State Museum. If not timely provided, Mr. Barnett suggested that the LSM staff is authorized to issue a Public Records Request for the report. Mr. M. Davis motioned and Ms. Zink seconded. There was no public comment. **Unanimously approved.**

- **Permanent occupants – 535 St. Ann Street, 2nd floor**

The residential tenant at 535 St. Ann, 2nd floor finally submitted a letter to Ms. Washington requesting that his two stepsons, Brad and John Pitts, be added as permanent occupants on the lease. Mr. M. Davis MOVED to approve Brad and John Pitts as permanent permitted occupants at 535 St. Ann Street, 2nd floor, but not as signatories on the lease. Seconded by Dr. Haedicke. There was no public comment. The motion was **unanimously approved.**

- **Update on re-roofing project**

Ms. Washington said that the construction meeting is scheduled for May 13, 2015 but the rain has delayed the process a bit. Currently, the scaffolding is on the second to last phase of completion.

Mr. Barnett entertained a Motion to Adjourn by Ms. Zink, seconded by Mr. M. Davis.

Meeting adjourned at 12:15 pm.